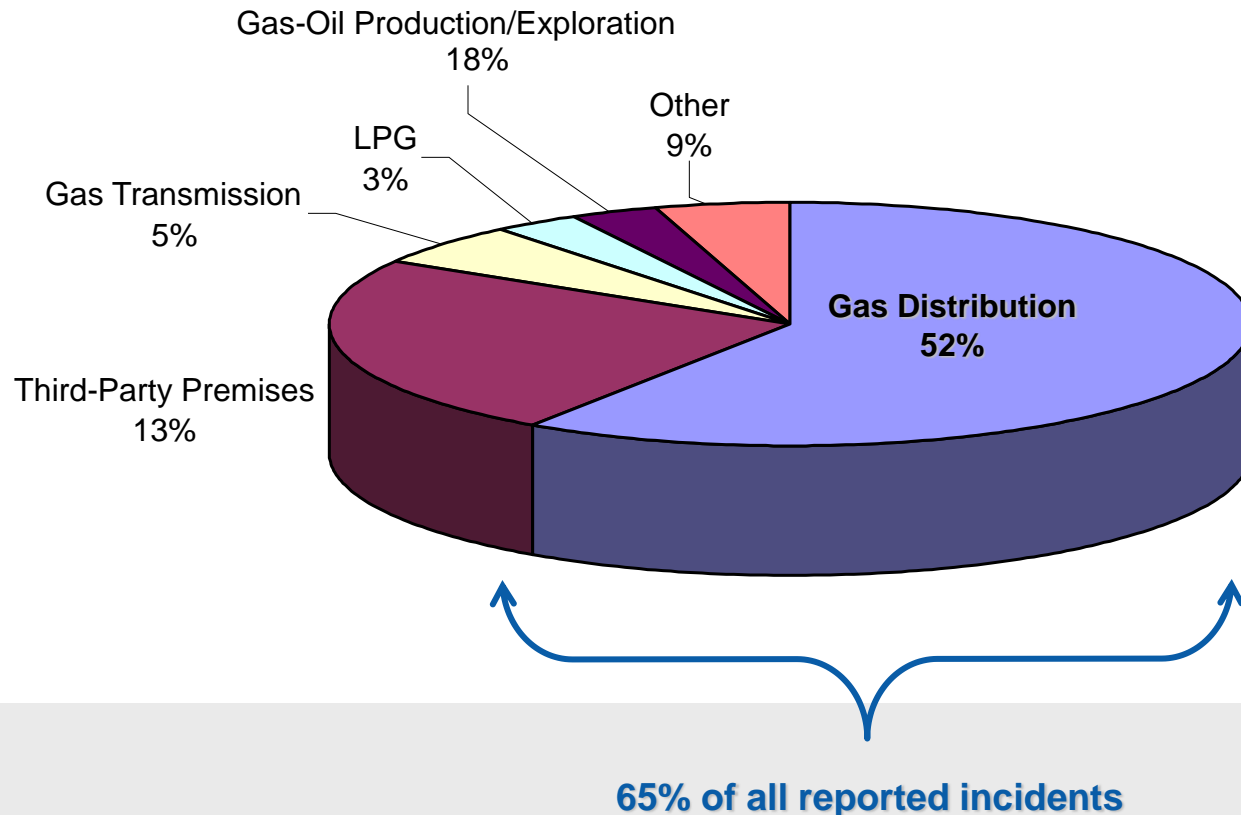


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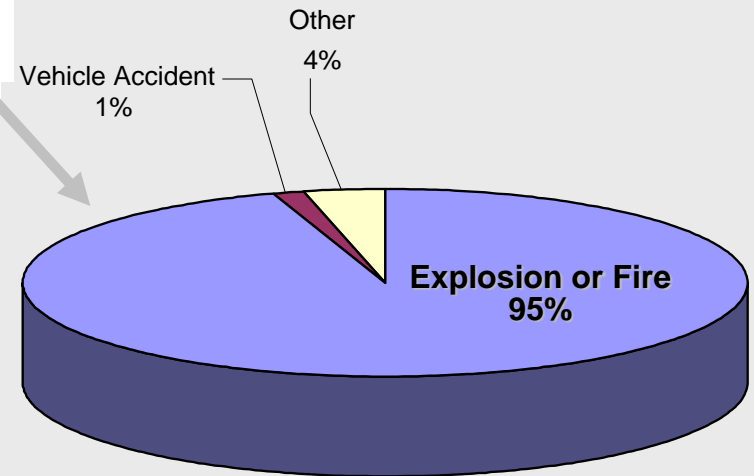
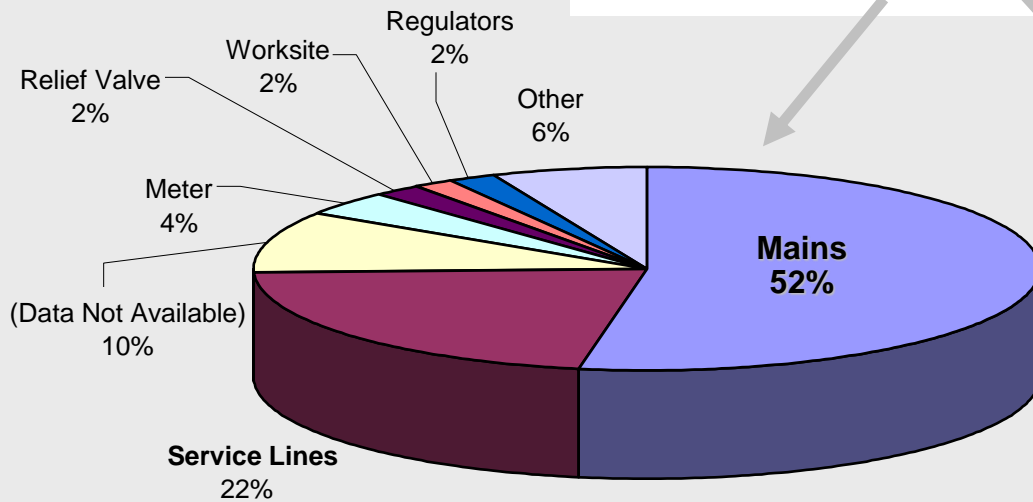
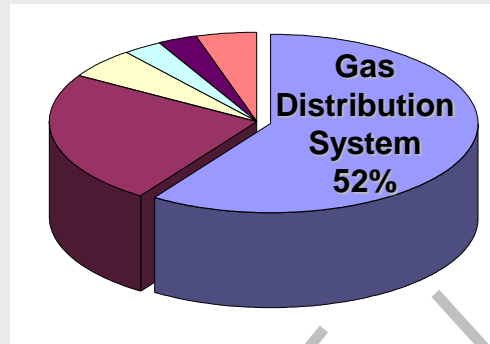
Distribution of Closed GL Financial Claims Reported

Gas Utilities 1975-2012



Gas Distribution System

Types of Losses and Components Affected



Complacency, Short-Cuts-Failure to Follow Procedures

A Deadly Combination

The Following Incidents Are Not Typical!

- The vast majority of the time gas company employees do their jobs properly, nothing happens and there is nothing to talk about.
- The following examples occurred when gas company employees lost respect for natural gas, became complacent or did not follow procedures.
- These are difficult “Lessons Learned”, but if we don’t learn from history we may be destined to repeat past mistakes.

Incident (2004)

Company Retention \$5M

- A contractor working on a highway reconstruction project struck the service line to a house, causing the service line to separate from a compression coupling near the gas main.
- The gas company was called at 11:15 am; a serviceman arrived on the scene at 11:45 and immediately called for a crew. Thinking the gas was venting out into the street, he sat in his truck for 20 minutes until the crew arrived. Although the damage location was only 32 feet from the incident site, no attempt was made to check nearby buildings with a combustible gas indicator for the presence of migrating gas.

Incident (2004) Company Retention \$5M

Cont'd.

- The leaking gas migrated to the house where an explosion occurred killing an elderly woman and severely burning 3 children, the explosion occurred at 1:00 pm. The children received burns to over 45% of their bodies with most of the burns occurring in the facial areas.
- In the settlement the contractor also paid more than \$15,000,000.00 in claims.

AEGIS Incurred \$15 Million

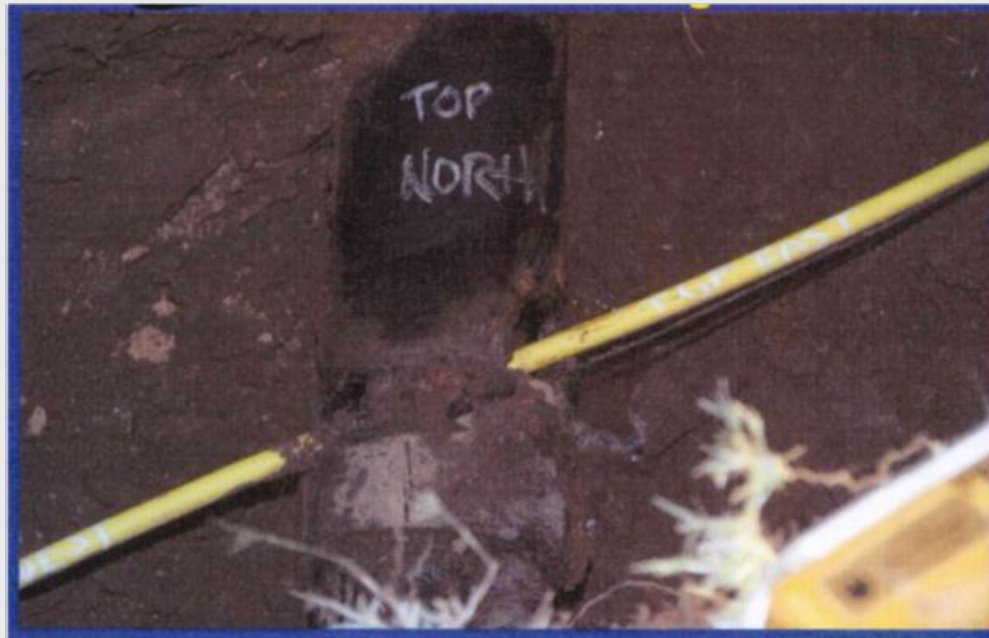
What Can You Do?

- Training programs, safety meetings and peer supervisory reviews are a few of the options that can be utilized to ensure established work practices are followed, thereby reducing the hazards associated with using shortcuts or allowing complacency to interfere with good judgment.
- Field visits on a frequent basis
- We must **NEVER** lose respect for natural gas.
- Complacency can kill.

Gas Explosion

Mobile Home Destroyed, 3 Injured

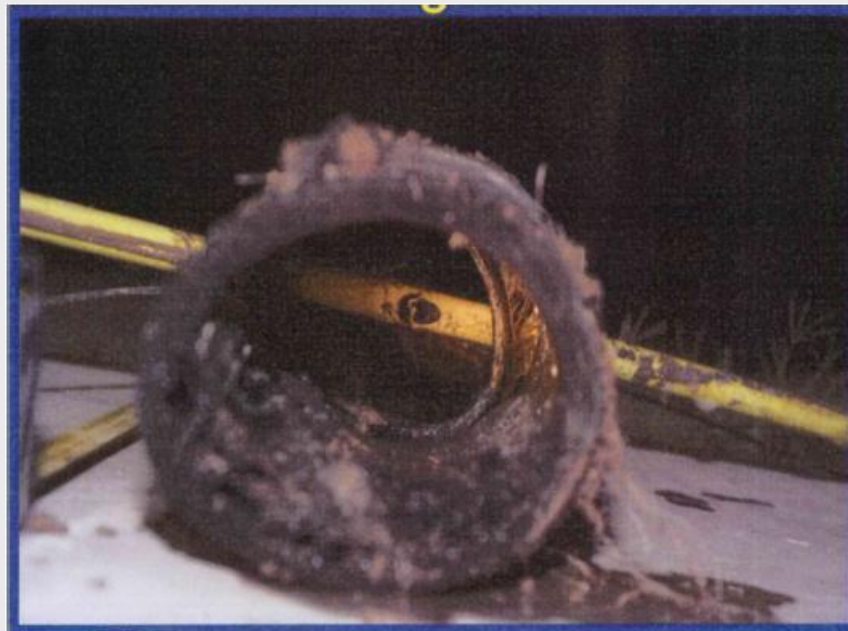
A utility was installing gas lines at a mobile home park. While boring underground to install polyethylene gas pipes, employees drilled through the sewer lateral.



Gas Explosion

Mobile Home Destroyed, 3 Injured

The sewer pipe eventually became obstructed. A maintenance man attempted to clear the sewer lateral with an auger and broke the gas line.



**Gas Explosion
Mobile Home Destroyed, 3 Injured**

AWARD

\$16.3 million

Gas Explosion Mobile Home Destroyed, 3 Injured

Facts

- Natural gas flowed within the sewer lateral, traveled into the plaintiffs' mobile home where there was an explosion and fire. Three people suffered serious burn injuries.
 - Contractor was told that sewer laterals ran parallel to the bore path and were not marked.





Lessons Learned

- Experience is good but could be a double edge sword
- “It can’t happen to me” syndrome
- Field visits and safety audits can’t be replaced
- Take corrective action
- Lead by example

What Can You Do?

- Training programs, safety meetings and peer supervisory reviews are a few of the options that can be utilized to ensure established work practices are followed, thereby reducing the hazards associated with using shortcuts or allowing complacency to interfere with good judgment.
- Field visits on a frequent basis
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Thank You

Please visit the AEGIS website at
www.aegislink.com